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Message Text

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43
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 PM-04 NSC-05 SP-02 SS-15 L-03 TRSE-00

OPIC-03 SSO-00 NSCE-00 USIE-00 INRE-00 DODE-00 PA-01

PRS-01 SAM-01 EURE-00 /067 W
---------- 122263
O 241128Z OCT 75
FM AMEMBASSY LISBON
TO SECSTATE WASHDC IMMEDIATE 4717

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EO 11652: N/A
TAGS: ECON, BGEN, PO
SUBJECT: GOP PROPOSAL TO HELP RESOLVE BLUE BELL CASE

REF: LISBON 2208 AND PREVIOUS

1. BLUE BELL-BRUSSELS LAWYER PASSED ON TO EMBASSY REQUEST FROM SECRETARY OF STATE FOR LIGHT INDUSTRY, MARTINS, THAT EMBASSY PROVIDE LETTER TO PORTUGUESE GOVERNMENT IN ORDER HELP RESOLVE LONG-STANDING DISPUTE INVOLVING WORKERS' OCCUPATION OF BLUE BELL PORTUGUESE PLANT. IN LETTER EMBASSY WOULD STATE SOMETHING TO EFFECT THAT "USG SEES NO REASON WHY BLUE BELL, WHICH IS REPUTABLE U.S. FIRM, WOULD NOT ABIDE BY ANY ARRANGE-MENT IT MAKES WITH WORKERS AND GOP."

2. OTHER PROVISIONS OF THIS ARRANGEMENT ARE AS FOLLOWS:
A) BLUE BELL-PUERTO RICO SELLS ITS PORTUGUESE OPERATIONS TO BLUE BELL WORKERS FOR 100 ESCUDOS.
B) BLUE BELL-BRUSSELS AGREES TO SUPPLY RAW MATERIALS AND THEN TO BUY FINISHED WRANGLER JEANS MANUFACTURED BY THE WORKERS. PURCHASE CONTRACT WOULD BE FOR TWO YEARS AND INVOLVES ABOUT $16 MILLION OVER THAT PERIOD. PRICE IS FIXED BUT CAN BE CHANGED BY MUTUAL AGREEMENT.
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C) BLUE BELL WORKERS AGREE TO PAY ROYALTIES TO BLUE BELL

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BRUSSELS FOR JEANS MADE UNDER WRANGLER NAME IN PORTUGAL OVER NEXT TWO YEARS.

3. MARTINES REPORTEDLY HAS AGREED TO WRITE A LETTER TO BLUE BELL STATING THAT HE BELIEVES WORKERS WOULD ABIDE BY THE AGREEMENT. ACCORDING TO LAWYER, LETTERS ARE NEEDED BY GOP "TO SAVE FACE." MARTINS STATES THAT THERE CAN BE NO ARRANGEMENT WITHOUT BLUE BELL LETTER. BLUE BELL LAWYER STATES THAT THERE MUST BE AN ARRANGEMENT BY NOVEMBER 1 WHICH IS DEADLINE FOR BLUE BELL TO ASSURE SUPPLY OF JEANS FOR NEXT YEAR.

4. EMBASSY WILL INDICATE TO BLUE BELL, AND TO MARTINS IF HE INQUIRES, THAT WE CAN NOT SUPPLY SUCH A LETTER. IF PRESSED, WE WILL OFFER TO WRITE A LETTER PASSING ON CREDIT RATING OR OTHER INFORMATION GIVEN TO US BY A BANK OR A CREDIT AGENCY SUCH AS DUN & BRADSTREET.

5. ANY OTHER DEPARTMENT SUGGESTION WELCOME.
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